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PP RUEHDBU RUEHPW

DE RUEHMO #3567/01 2011226

ZNY CCCCC ZZH

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FM AMEMBASSY MOSCOW

TO RUEHC/SECSTATE WASHDC PRIORITY 2253

INFO RUCNAFG/AFGHANISTAN COLLECTIVE PRIORITY

RUEHXD/MOSCOW POLITICAL COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 003567

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E.O. 12958: DECL: 07/20/2017

TAGS: <u>PREL PTER MASS</u> <u>EAID SNAR AF RS</u> SUBJECT: AFGHANISTAN: MOSCOW STIRS

REF: MOSCOW 381

Classified By: Ambassador William J. Burns. Reasons: 1.4(B/D).

11. (C) Summary: Russia has sharply stepped up its engagement with the Afghan government since FM Lavrov's February visit to Kabul. Moscow intends to finalize its debt relief agreement with Kabul by the end of the month and is actively weighing increased arms supplies and initiating a program of reconstruction assistance. Russian firms are more aggressively seeking investment opportunities in Afghanistan. According to the MFA and Russian Afghan hands, Russia is motivated by concerns about a resurgent Taliban and drug trafficking as well as hopes to gain from a recovering Afghan economy. While Russia has agreed to expand training slots for Afghan counternarcotics officials through a NATO-Russia Council pilot project, Moscow's focus is on using the Collective Security Treaty Organization to stem trafficking. The upcoming meeting of the U.S.-Russian Counterterrorism Working Group is an opportunity to gauge Russian willingness to cooperate more actively across the board in support of shared goals of Afghan stability. End Summary.

The Pace Quickens

¶2. (SBU) FM Lavrov's February 23 visit to Kabul marked the start of a higher level of Russian engagement with Afghanistan. Soon after Lavrov's return, MFA Second Asia Department Director Aleksandr Maryasov announced that Moscow was strengthening its ties with Kabul by finalizing a debt relief agreement, seeking greater investment opportunities for Russian firms and considering renewing arms supplies to the Afghan National Army. In late-March, the MFA singled out the appointment of a new Afghan ambassador to Russia after a long gap as reflective of improved relations. May saw the establishment of a joint Russian-Afghan Business Council and the visit by a delegation led by Afghan Speaker Yunus Qanuni. Moscow agreed to double the number of training slots for Afghan and Central Asian counternarcotics officials at the Domodedovo facility in June. On July 18, Deputy Finance Minister Storchak told U/S Jeffrey that the long delayed signing of the debt relief agreement would finally take place at the end of the month when Afghan Finance Minister Ul-Haq Ahady visited Moscow.

Mixed Motives

¶3. (C) Afghan experts have been direct about the reasons behind the energized relationship. Moscow remains concerned about what they view as a steadily deteriorating security situation in Afghanistan and the effects this might have on their Central Asian neighbors. One expert observed that the appeal of a resurgent Taliban posed a much more concrete challenge to Russian security interests than the proposed U.S. missile defense system, that the GOR recognized this, and that it was using the tools available to it to influence

and bolster the Afghan government. The threat posed by narcotics trafficking also preoccupies GOR decision makers; Northern Route drug trafficking is blamed for rising drug abuse and HIV/AIDS problems in Russia as well as vastly increasing the scale of corruption of law enforcement personnel and border guards.

(C) At the same time, Moscow sees economic advantage for Russian companies as the Afghan economy expands and reconstruction funds are plentiful. An MFA official who handles Afghan issues candidly acknowledged to us that the debt deal with Afghanistan had been delayed as lower-level officials in the Finance Ministry argued that Russian firms were still not being given a fair shake. He told us this might have once been true; Russian firms had long claimed that they were being discriminated against. However, there had been a shift in the past year. Technopromeksport, one of Russia's leaders in power plant construction, won a USD 30 million contract to refurbish the 100 MW Naghlu hydroelectric plant, beating out Chinese and Iranian firms. A Russian firm with ties to Kremlin-connected metals oligarch Oleg Deripaska was now bidding on the chance to develop the massive Anyak copper deposit. Russian firms were also looking at oil and gas prospects and road construction contracts. The Afghan DCM noted to us that Kazan had just hosted a trade fair in June that was aimed at reinvigorating ties between firms in Muslim Tatarstan and Afghan contacts that dated back to the Soviet occupation.

Loosening Purse Strings

 $\underline{\mathbf{1}}$ 5. (C) Private firms are not the only ones looking to invest in Afghanistan. In the past, the GOR rarely made

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donations of humanitarian or reconstruction assistance, but Moscow's now bulging coffers have persuaded the Finance Ministry to provide some limited aid money to the MFA. The Afghan desk has told us that Russia now plans to donate USD 3 million for additional humanitarian assistance (wheat, cooking oil, tents and blankets) in northern Afghanistan. Russia is also considering rehabilitating a hospital in Mazar and allocating approximately USD 5 million for a university in Kabul.

16. (C) Moscow's money is likely to be hedged with various conditions and Russia is not aiming to be a major donor. When approached about contributing to the Afghan Reconstruction Trust Fund for justice projects, the MFA argued that much of the aid money already given in Afghanistan had been wasted and that the Afghans needed to build their own self-sustaining institutions.

Political Support for Karzai

¶7. (C) Russia has never been particularly fond of Karzai, but he is viewed by the MFA as the better than any of the alternatives; MFA Second Asia Department Director Maryasov stressed to us that the GOR was focused on strengthening the Afghan President's authority. When UN Special Representative for Afghanistan Tom Koenigs met in early June with DFM Yakovenko, the Russians underlined their concerns about the Taliban's strength and infighting among Afghan politicians. MFA sources frequently express exasperation with the political scene in Afghanistan, observing that everyone imagined themselves as a leader, but few were devoted to demonstrating leadership in building a unified Afghanistan. The MFA tells us that when Qanuni visited Moscow in late-May, he lobbied for Russian support, but, according to our sources, he did not receive it. The absence of viable alternatives to Karzai led the MFA to tell Koenigs that Russia was willing to support combining the dates for upcoming presidential and parliamentary elections in Afghanistan, even if this meant Karzai stayed on an

. . . but there are no moderate Taliban

18. (C) While the MFA views Karzai as the one Afghan politician who can hold the nation together, the MFA and Russian experts have been critical of the central government's lack of control over outlying provinces and what they viewed as the corrosive effect of pervasive corruption in Karzai's government. The MFA has also slammed Karzai's efforts at national reconciliation; during Koenig's visit, the MFA rejected any suggestion that former Taliban leaders should play a role in the national government, arguing that it was a "fantasy" to believe there were "moderate Taliban." The MFA stressed to us that they were adamant that Governor Munib remain on the UNSCR 1267 sanctions list and argued that the Taliban "should be outlawed from public life as were the fascists in Germany."

Security and Counternarcotics Help

- 19. (C) Moscow's concerns about the threats posed by the Taliban's resurgence and increased drug trafficking have spurred more concrete offers of assistance, but progress has been slow. Russia's willingness to resume arms supplies to the ANA (USD 200 million in arms were donated from 2002-05) is one of the more promising avenues for cooperation. After both FM Spanta's October visit to Moscow and Lavrov's February visit to Kabul, the sides agreed to consider renewing the supply relationship, but not much has been done since. The MFA complains that the Afghans are dragging their heels in working on a comprehensive list of defense equipment; we also understand that the Russians want to sell arms to Afghanistan, albeit at a substantial discount, rather than donate the materiel.
- 110. (C) On a more positive note, MFA European Cooperation Department Director Ryabkov told us that there was no political impediment to increasing Russian cooperation through the NATO-Russia Council (NRC) and that the Russian Ambassador is under instructions to continue contacts and explore means of supporting NATO forces in Afghanistan, as well as strengthening the Karzai government. The GOR is examining a range of proposals, with President Putin personally involved in the issue.
- 111. (C) On counternarcotics cooperation, Russia is going to double the number of Afghan officials to be trained under the NRC project, but still stresses its interests in pursuing counternarcotics cooperation through the Collective Security

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Treaty Organization (CSTO). Ryabkov argued that the CSTO was the "missing link" in counternarcotics cooperation between the West and CIS states in Afghanistan. Acknowledging that the Central Asia states were already members of the NATO's EAPC, Ryabkov, said that the U.S. and its NATO Allies were missing the point that real counternarcotics cooperation was taking place within the CSTO, including interdiction, information exchange and training. Russia was not seeking to insert a "bloc" mentality in its approach to cooperation with the U.S. on Afghanistan, but wanted to tap all mechanisms that reinforced our common goals. Even symbolic cooperation would be seen as a significant step by the GOR, according to Ryabkov.

Comment: Marshaling Russian Support

112. (C) It is clear that Russia will be more assertive in its engagement with Afghanistan. In some priority areas --countering narcotics trafficking, spurring economic development and equipping Afghan security forces -- Russian efforts could dovetail with the U.S. comprehensive strategy

in Afghanistan. In particular, we need to build on Moscow's new found willingness to aid reconstruction efforts in ways that meet Afghan Compact goals. On other key issues, particularly Afghanistan's political transition, we need to sustain the international consensus while anticipating and addressing differences before they become larger problems. The early September meeting of the bilateral Counterterrorism Working Group offers an opportunity to register support for Russian initiatives that contribute to Afghan stability while exploring whether further cooperation is possible. BURNS